

that has an educational system second to none; a country that has a medical system second to none. Those are big challenges.

In the next few hours we are going to see who is going to be counted, and I hope every person that is listening to me on this floor, I hope every one of us unanimously, not one dissenting vote, unanimously supports the forces of the United States of America in their mission to accept that one word, responsibility.

I hope with Godspeed that all our forces are safe. I hope with Godspeed the citizens of the United States and all of our allies, and, in fact, the whole world, can be freed of this tyrant so we can all live in at least some type of peace.

But from the bottom of my heart, I want to thank all my fellow citizens, and I want to thank those forces that are out there in the time of need and the time of danger that have stood up and accepted that responsibility.

WEAKNESSES IN THE REPUBLICAN BUDGET RESOLUTION

The SPEAKER pro tempore (Mr. BONNER). Under the Speaker's announced policy of January 7, 2003, the gentleman from South Carolina (Mr. SPRATT) is recognized for 60 minutes as the designee of the minority leader.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I want to thank my good friend from South Carolina for yielding.

Mr. Speaker, I rise to speak about this Republican budget resolution. It is a budget that is a failed economic plan. It proposes \$1 trillion in tax cuts, and these are tax cuts in search of an economic purpose.

Fourteen months ago, President Bush proposed a \$1.3 trillion tax cut to get this economy moving, to produce jobs. Two and one-half million Americans are without work since that tax cut, four million more Americans are without health cut since that tax cut, \$1 trillion worth of corporate assets have foreclosed since that tax cut, and 2 million more Americans have moved from the middle class into poverty. That has been the economic impact and economic effect of that tax cut. Now we are offering another tax cut to have exactly the same type of economic impact. It has been a job killer, and also been leveling to the economy.

We are about to vote on a budget in the next few days or weeks. The administration is also simultaneously proposing one of the largest rebuildings of another nation to the tune of about \$90 billion request for fighting the war and for rebuilding Iraq. The administration's postwar request would build more housing, rebuild more schools, and go further in providing health care for pregnant women in Iraq than the administration budget does for America's children and America's families.

The Wall Street Journal just as recently as the other day wrote on the postwar plans for Iraq being directed by the new Office of Reconstruction and Humanitarian Assistance in the Pentagon are striking in their scope and intended speed. The administration's plan to rehabilitate the Iraqi school system, for example, envisions the U.S. military forces to secure parts of Iraq and obtain the payroll lists and assess teachers' salaries for all of Iraqi schools, according to a 10-page USAID contract proposal. The contract, officials say, could total \$100 million, will cover the cost of five pilot programs for accelerated learning to be launched within 3 months and then rolled out nationwide within 10 months, nationwide being Iraq. Only one-third of the Iraqi children are now enrolled in secondary school, but within a year the contractor will have all children in Iraq back in school.

Their plan also envisions books and other necessary supplies to 4.1 million Iraqi schoolchildren, while 25,000 schools would have all they need to function at a standard level of quality. They will rebuild 25,000 schools in Iraq.

I am not against, if we have to go to war, a reconstruction budget for Iraq, but as I just listed to you what they are planning for the schools and the schoolchildren of Iraq, I want you to note that this administration's budget calls for eliminating 40 specific educational programs here at home. The Star Schools, the Better Quality Teachers Schools, technology for our schools, rural education would be eliminated. Yet we are now talking about rebuilding 25,000 schools in Iraq; 4.1 million children in Iraq would get the basic school supplies. For the record, I think Illinois' children matter as well as Iraq's children.

Again, I want to stress that I believe that Iraq should have a reconstruction budget. I just believe America should also have its reconstruction and rebuilding budget.

Take a look at what the Wall Street Journal says about health care. In health care, there will be a 100 percent guarantee to the population for maternity care. Yet Medicaid will get a \$95 billion cut here at home. Today Medicaid provides for one-third of the live births nationally, basic maternity care in this country. We will be proposing a \$95 billion cut in Medicaid, and yet 100 percent coverage of maternity care for Iraqi women.

We have 42 million Americans who work full time without health insurance. The budget proposed by the Republican Congress, not a single new dollar to cover the uninsured, which is a cancer on our health care system, yet in a recent article in the Wall Street Journal, 13 million Iraqis will be guaranteed basic health care. What is the plan for the 42 million Americans that work full time without health insurance? Zip, nothing, nada. Nothing for them.

Also in the Wall Street Journal they state a reconstruction plan will have

referral hospitals functioning in 21 cities in Iraq, yet America's hospitals in our cities are facing their worst financial crisis in the last 20 years. The Women, Infants and Children Program, which provides basic health care and prenatal care, is in for a 20 percent cut.

Higher education in America, again on education, the budget underfunds Pell grants by more than \$500 million, while college costs have gone up.

In housing, recently in the Committee on Financial Services, Secretary of Housing and Urban Development Martinez said that the entire budget for the administration proposes 5,000 new housing units here in America, yet, as the Wall Street Journal notes, there is a bid for 20,000 new homes to be built in Iraq. America, 5,000 new affordable housing units; Iraq, 20,000 new homes.

The LIHEAP proposal for heating for our poor, our elderly, is in for a 20 percent cut, yet we have a proposal on the books for 10 new power plants to be rebuilt in Iraq, and electricity will be restored to 75 percent of its pre-1991 level in Iraq.

□ 2030

The Army Corps of Engineers is having a cut here in America. Yet in the rebuilding plan for Iraq, it calls for the complete reconstruction of the Umm Qasr Port so that it is fully open to cargo traffic. Yet the Corps of Engineers, which is essential to America's security, America's economic growth, it produces jobs for our economy, moves goods and services, they are open for a cut.

Transportation. We will offer help to Iraq to build 3,000 miles of major roads and highways, yet the highway funding in America is cut \$6 billion over the next 10 years as proposed by the administration's budget.

Now, as I said to my good colleague from South Carolina, as I asked for this time, I am not in the business of giving my good friends on the other side political advice; but as they plan to look at this budget and vote on this budget, I want them to know that for the American people, their vote on the resolution of the reconstruction of Iraq will also be weighed equally as their vote for this budget. And in this budget our proposals to eliminate 40 education programs that are essential to our children's future and to our families' future, houses, they will not be cut; but only 5,000 new affordable units, compared to 20,000 in Iraq.

My colleagues know that some people could take this down and make it understandable to Americans in a 30-second commercial. I want them to think hard about what they are about to vote on as it relates to America, and again I want to stress my view that I am not against a reconstruction budget for Iraq. I just believe America deserves equal and, as well, the same sense of intensity and the same sense of interest.

As I started off, I talked about the economic impact that we find ourselves in here at home. But as this

budget talks about areas of housing, health care, reconstruction for the health care system, the schools, the infrastructure for the housing area, it is a very robust, thorough plan for Iraq. Yet we underfund in each of these areas' basic needs here for America's families, America's economic future, our jobs, our health care, our retirement. We need the same type of reconstruction, the same type of commitment, the same type of energy, the same type of focus that is being focused on the reconstruction plan for Iraq.

So I would just like my colleagues on the other side to think real hard about this budget, to think real hard about the priorities that are laid out in this budget. Because the impact of the first economic plan has been 2½ million Americans without work, 4 more million Americans who have joined the ranks of the uninsured who work full-time, \$1 trillion worth of corporate assets that have been foreclosed on. That is the record. And to quote a good friend of mine, a great President, President Ronald Reagan: "Facts are a stubborn thing."

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, let me tell my colleagues what the Disabled American Veterans think of this budget.

"Has Congress no shame? Is there no honor left in the hallowed halls of our government that you choose to dishonor the sacrifices of our Nation's heroes and rob our programs, health care and disability compensation to pay for tax cuts for the wealthy? You will be reducing benefits and services for disabled veterans at a time when thousands of our service members are in harm's way, fighting terrorists around the world, and thousands more of our sons and daughters are preparing for war against Iraq."

In another letter, the Disabled American Veterans write to the chairman of the Committee on the Budget and say that "you were quoted as saying, 'We're asking tough medicine at a tough time.' You're asking veterans to swallow a bitter pill to remedy an illness of your own making. While we all would like to see taxes reduced when prudent, cutting already underfunded veterans' programs to offset the costs of tax cuts is indefensible and callous. You will be cutting benefits and services for disabled veterans at a time when we have thousands of our service members in harm's way fighting terrorism around the world and when we are sending thousands more of our sons and daughters to fight a war against Iraq."

What does the American Legion say about this budget? "This budget defies common sense. Veterans' pensions and disability compensation are parts of the cost of defending freedom. Our Nation cannot, in good conscience, com-

mit men and women to battle and reduce the meager, yet well-deserved, compensation for those who are wounded. Of all of the citizens who benefit from mandatory Federal funding, none are worthier than those who are disabled today because they risked all of their tomorrows fighting for freedom.

"There are few options available for those who would cut veterans' benefits. Congress could eliminate cost-of-living adjustments, curtail the awarding of disability compensation, roll back the disability ratings or a combination thereof. None of these moves are justified. In fact, any of those cuts would be the highest form of ingratitude this government could inflict and would give moral ammunition to those who would discourage young people from undertaking military service.

"There must be a better way to provide tax relief to the American people than to balance the budget on the backs of disabled veterans. There has to be a better way to promote morale in the armed services than to slight those in whose shoes today's troops might someday be. There is certainly a better way to reduce the Department of Veterans' backlogs of disability claims and veterans waiting up to 2 years for doctors' appointments at VA hospitals."

That is what the American Legion thinks of today's budget.

Now, how did we get to where we are? This is a chart showing the deficits over the past few years starting with President Johnson, Nixon, Ford, Carter, Reagan and Bush. Deficits explode. Under the Clinton administration and the Clinton budget, over the objection of the Republicans, because not a single Republican, House or Senate, voted for the budget that put us on the trajectory of 8 years of fiscal responsibility, going from a huge deficit up to a surplus; and when the present administration came in, we went directly back into huge deficits, most of which happened before September 11, 2001; this trajectory had already started, and with the huge tax cut plan of 2001. And as we can see, for many years to come, deficits projected out.

Now, what is the plan? Well, we see what the plan is. We see when this administration came in, we had a surplus. That is this blue line over here. Now, September 11 was 3 weeks before the end of the fiscal year. In 2001, we had already spent most of Medicare. In 2002, we had spent all of the Medicare surplus, all of the Social Security surplus, and another almost \$200 billion. In 2003, we spent all of the Medicare and Social Security surplus and about \$300 billion. Deficits as far as the budget goes.

Now, after they passed their so-called growth package, what happened? Well, we see that those tax cuts that ruined the budget were supposed to stimulate the economy. This is the economic growth, President-to-President, starting with Truman, Eisenhower, Eisenhower's second term, Kennedy, John-

son, Johnson, Nixon, Nixon, Ford, Carter, Reagan. We have so far the worst economic growth in over 50 years as a direct result of passing that irresponsible plan.

Now, what do we have as a result of that? We have what had been projected to be a debt paid off. What do we have so far? A debt exploded. As a matter of fact, for a family of four, in January of 2001, in 5 years, the family of four's share of the national debt, \$520, was projected. What is it projected to be now? Six to \$8,000. Now, that is not free. A family of four's share of the national debt today, \$4,500, as I said, going towards zero; in 2008, it will be \$6,400 and going up and almost \$500 a year, year after year, a family of four's share of the national debt.

Now, this is a time when Medicare and Social Security will be needed. This is a chart of the Medicare surplus and shortfall. We are right now enjoying a surplus in Medicare, the same chart for Social Security. We are enjoying a surplus. In 2017, 2016, 2018, somewhere in there, it will change into a deficit and go into a deficit.

Now, we wonder with deficits this large, we would never be able to pay those. With one-half of the tax cut that has already been implemented, if we had taken the other half and allocated that to Social Security and Medicare, we could have had enough in the trust fund to cover Social Security and Medicare for 75 years.

Now, part of the plan, as the gentleman from Illinois mentioned, involves severe spending cuts to accommodate some of those tax cuts that were made. Medicare cutting \$214 billion, Medicaid \$93 billion. Every Member of Congress has been hearing from doctors and hospitals about the compensation out of Medicare and Medicaid, that they cannot make ends meet, they are not even covering costs, and here we are responding to that with major cuts in Medicare and Medicaid.

Veterans' benefits are being cut. Food stamps, farm programs are being cut, education programs are being cut. The President went all over the country bragging about No Child Left Behind, and we do not fully fund it. We are billions of dollars short in funding No Child Left Behind.

This is not a responsible budget. As we started off, we had the opportunity to continue, pay off the entire national debt and be in a position where Social Security and Medicare would be funded, and we turned right around and in 1 or 2 years went to the biggest deficits in the history of the United States.

There is one figure where the debt is so large, by the time we get out to 2013, that the interest on the national debt will exceed the entire national budget outside of Social Security, Medicare, and defense. The entire national budget in the plan that was reported by the Republicans just a couple of days ago has in 2013, the entire budget, outside of defense, Social Security and Medicare, the entire budget, that is the FBI,

NASA, foreign aid, agriculture, education, everything, \$466 billion. They have run up so much debt that the payment on interest on the national debt will be \$477 billion.

Mr. Speaker, this budget is so far out of balance that we need to start from scratch.

I thank the gentleman from South Carolina for his hard work in trying to make sense out of a budget that makes no sense at all.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for his presentation.

Mr. Speaker, I yield to the gentleman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I thank the gentleman from South Carolina for his leadership and for organizing tonight's Special Order, and I am proud to be a part of it.

In listening to my colleagues, I think it is fair to say in listening to what economists think and others who write about economic issues that the House Republican budget is the most irresponsible budget probably in our Nation's history. It is antijob, antigrowth, and antifamily. It is an irresponsible budget for people who are middle-class families. It is irresponsible for economic growth and overall, irresponsible for this country. As has already been pointed out, it drives up the deficit, incurring the biggest deficit in our Nation's history.

□ 2045

Families understand this. Governments need to understand that long-term deficits are bad. They are bad for the long-term health of this country.

The scope of the cuts that are being proposed by this House Republican budget include child care, funding for public schools, college loans, nutrition programs. It also places massive unfunded mandates on our States at a time when States are facing the worst fiscal crisis since World War II.

When we ask why we are seeing the level of massive cuts, one could say that this is a difficult time in our Nation's history. We are on the precipice of going to war, which we are all concerned about, deeply concerned about. We are very concerned about homeland security.

However, the fact of the matter is that these cuts do not come in relationship to the United States fighting a war, because, in fact, we do not have any numbers yet for the cost of a war. We have a bold plan for reconstructing Iraq, but we still do not have any final numbers in that regard. Also, the cuts are not made in terms of providing additional funding for securing our homeland. Those numbers are not increased.

What are the cuts for? The cuts are for an approximately \$1.4 trillion tax cut for the wealthiest Americans. That is an easy comment to make, to say, "the wealthiest Americans." Let us define who we are talking about, who are the beneficiaries of the tax cuts, and who are the people who are going to pay for the tax cut.

Two-thirds of the benefits of the tax cut would flow to the top 5 percent of the population. These are filers who have an average income of about \$350,000. The top 1 percent of tax filers, people who have an average income of \$1 million, would receive 42 percent of the benefits. People with incomes that exceed \$3 million would receive nearly 25 percent of the tax cut benefits. The top .2 percent of tax filers would receive nearly as much from this tax cut as the bottom 90 percent of filers combined.

Tax filers with incomes between \$40,000 and \$50,000 would receive an average annual benefit of \$84. Tax filers with incomes between \$30,000 and \$40,000 would receive \$42. However, those who are millionaires could receive up to \$90,000 in a tax cut.

We are all for tax cuts, but it is about who is going to be the beneficiary. These are numbers that anyone could check, and that have been in all of the commentary about the tax cut, about who are going to be the primary beneficiaries.

Now, who is paying the cost of these tax cuts? I think it is important to take a look at this.

We pay for these tax cuts on the backs of disabled veterans, as my colleague, the gentleman from Virginia (Mr. SCOTT), just spoke about minutes ago. Child nutrition programs, school lunch, those are expendable. Also, we are dealing with these tax cuts on the backs of our youngsters who are in school, who are participating in a school lunch program.

Student loans, our youngsters and our families who are struggling to have their families have the opportunity to be able to go to school so they can achieve their economic aspirations, they are paying for these tax cuts.

Regarding child care, I would just take the local paper, the Hartford Current, on Monday, March 17, Hartford, Connecticut. This is already happening in the State of Connecticut. The budget cuts would cut funds for child care, because the States cannot afford to deal with the child care assistance that was promised to people who are moving off of welfare and trying to take care of their families. This budget would make this situation worse.

Food stamps will be cut. Assistance for the elderly and veterans are being cut.

The point is, here, and I think it is important to note, these tax cuts are not free. The bottom issue is about our national priorities, it is about our values. In order to provide tax cuts that average \$90,000 a year for millionaires, is that so high a priority that we should cut health care programs, increase the ranks of the uninsured, reduce the cost or limit the availability of student loans, increase hardship among the disabled, poor, poor children, and others to free up room for these massive tax cuts?

That is what is singularly at issue with this budget, House Republican

budget, that has been proposed. It flies in the face of all that we believe that we ought to be dealing with as a Nation, because budgets are about choices. We know that there are not unlimited resources, so we have to pick and choose those areas where we think there is a necessity. I submit that the current budget resolution does not, does not deal with the issues that are priority in this country or issues that are priority to the families in this country.

In addition to adding trillions of dollars to the public debt, debt which undermines national savings, investment, growth, jobs, retirement security, the budget does long-term damage to our economy. It compromises our ability to address the most serious challenges that face all of us.

Just this morning, I will make one final comment, this morning I met with firefighters, police officers, people from emergency medical services, hospital personnel to talk about what we are asking them to do, given this time of heightened alert. They told me about their need for resources that are going to help them adequately train volunteers and existing personnel to be able to use the new equipment that they may be getting. One gentleman said very specifically, in extraordinary times we are using conventional mechanisms.

I would just say, if we could say that we are making these cuts to do something to help our first responders to try to meet their obligation and the demand for heightened security, we might be able to think about what kind of trade-offs we are making, but, in fact, we are looking at about \$471 billion in cuts to what we have determined as a Nation are entitlements. We have said, as a country, that we believe there are such severe problems in these areas that we should every year make it our responsibility to fund these programs; and we are saying that we are not going to fund these programs, we are going to cut them substantially, and we are going to do it in order to provide the wealthiest 1 percent or 2 percent of the people in this country with tax cuts that will range from \$27,000 and \$30,000 to \$90,000 a year.

These are misplaced priorities. We need to get back to what our fundamental values are in this Nation. That is what tonight's conversation and discussion is all about. I thank my colleagues for the opportunity to participate with them.

Mr. SPRATT. Mr. Speaker, I yield to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, I thank my friend and ranking member on the Committee on the Budget for yielding to me to engage in this very important discussion we are having this evening.

Mr. Speaker, as the country is at the precipice of war in Iraq, I am sure all of our House colleagues would join me in extending our best wishes and our thoughts and prayers to the young

troops who are answering the call for the defense of our freedoms and liberties in this country.

I have had the opportunity over the last month, month and a half, to attend a lot of the deployment ceremonies back in the Third Congressional District in western Wisconsin based on the call-up of National Guard and Army Reserve units.

I have had a chance to talk to many of these young soldiers as they are being called up. Let me tell the Members, they are very impressive. They are well-trained, well-committed, very patriotic, have a deep love for our country, and are willing to risk their lives for the defense of our security.

As we move forward in the days and weeks and perhaps months ahead, our thoughts and prayers go out to them and their families. We will do everything possible in this Congress to give them the support and resources that they need. In the meantime, business is still being conducted. One of the items of business scheduled for this week is a very important discussion in regard to our national priorities as it relates to the Federal budget.

It has been said that a budget defines where various parties are on certain issues. This follows on the heels of President Bush's budget proposal submitted to us just a few weeks ago that actually calls for the largest budget deficit in our Nation's history. It does not offer any plan on how we bring fiscal discipline and fiscal responsibility back to this place, how we can bring the budget back into balance before the demographic time bomb explodes in this country.

That is the 800-pound gorilla that will not be discussed all this much in the course of this budget debate, but needs to be raised, the fact that we have 80 million of our Americans, the so-called baby boomers, rapidly approaching retirement age and soon to start entering these important programs. There is very little planning on what to do for that inevitability.

We will be offering an alternative budget proposal that brings in fiscal responsibility, fiscal discipline, anticipating this great demographic challenge we face while recognizing the domestic priorities we share in the Democratic Party.

Unfortunately, the Republican budget proposal that will be before us is an Enron-like document with a lot of smoke and mirrors, with a lot of numbers being thrown out there, but with very little basis in reality. Many of the programs that are being discussed for cuts I think the Members in the majority party realize will not happen. It will be an impossibility, because they do drastically underfund crucial education programs and investment in the future of our country, our children, at a time when No Child Left Behind is just now being implemented.

It also underfunds important health care services that our citizens rely upon, close to \$250 billion in proposed

cuts in the Medicare program in the next 8 years alone, at a time when rural health care providers now are being discriminated against because of the inequities of the reimbursement rates as they exist under current formulas.

It is something that I think there is bipartisan agreement in this Chamber that has to be corrected, but the budget we will be discussing and looking at in the next couple of days does nothing to address those inequities that need to be addressed.

It also calls for, amazingly, close to \$16 billion worth of cuts in crucial veterans' health care services at a time when we are about to commit new troops in a major military engagement, a very dangerous operation. The message that sends our Armed Forces I think is the wrong message at the wrong time, because of the lack of commitment in ensuring that we will fund the promises made to the current veterans who are accessing these important veterans' health care programs.

Just to highlight this issue, because it is not just us scrutinizing the budget, but outside organizations, and my friend, the gentleman from Virginia (Mr. SCOTT), already discussed this in his comments earlier, the national commander of the Disabled American Veterans, Edward Heath, Sr., already wrote a letter to the chairman of the Committee on the Budget, the gentleman from Iowa (Mr. NUSSLE), in regard to the concerns his organization has in the Republican budget proposal.

Commander Heath wrote and I quote, "You are quoted as saying 'We are asking tough medicine at a tough time.' You are asking veterans to swallow a bitter pill to remedy an illness of your own making. While we all like to see taxes reduced when prudent, cutting already underfunded veterans' programs to offset the costs of tax cuts is indefensible and callous."

□ 2100

You will be cutting benefits and services for disabled veterans at a time when we have placed thousands of our service members in harm's way, fighting terrorism around the world and when we are sending thousands more of our sons and daughters to fight a war against Iraq.

Now, these are outside groups and organizations that do have a stake in the outcome of these budget debates. These are not mere intellectual exercises to them and their members. They have real impact on other real people in real families in each of our congressional districts. And as our friend from Connecticut (Ms. DELAURO) just highlighted, the reason why we are seeing these types of Draconian budget cuts proposed is in order to jam a \$1.4 trillion new tax cut in the budget and try to make sense with that dynamic which, again, I submit will be impossible to do on the backs of veterans throughout the Nation.

What does that leave us then? It leaves us on the philosophy and a position that the majority party in this Congress and apparently many down to the White House are feeling more and more comfortable with each day, and that is the idea of spending and borrowing, spending and borrowing, and running up these massive budget deficits for as long as the eye can see.

As the father of two little boys, I did not come to this Congress 6 years ago to leave a legacy of debt to my children or to the children of this country. What will be proposed this week if that type of economic plan is implemented is nothing short of taxation without representation because it will be on the backs of our children and our grandchildren that will be asked to fund the liabilities that will come from these budget decisions that may be made in the next couple of days.

I could not think of anything more morally irresponsible to do than to create this gigantic budget debt, this huge deficit burden which will fall on the shoulders of our children and grandchildren to deal with when it is their time to take over the leadership of this country. And also, it could not happen at a worse moment.

Unlike the budget deficits that were accumulated during the 1980s and early 1990s, we do not have the luxury of the decade of the 1990s now to reverse track and to rein in fiscal discipline and to bring the budget into balance, and, in fact, start running budget surpluses so we could actually download the National debt. The clock is ticking and time is running out because the boomers are rapidly approaching their retirement in a few short years.

We still have an opportunity to address the economic needs of this Nation. We still have a chance to prove to the American people that we can walk and chew gum at the same time. We can deal with the national security threats, we can support our troops, especially during this time, but we can also address the domestic challenges that exist in this country, so we can give the children the opportunity that many of us had by accessing a quality education and funding No Child Left Behind, so we can protect the natural resources of this country and live up to the promises of veterans and the health care services that they rely upon.

In conclusion, let me just commend my good friend from South Carolina (Mr. SPRATT) and the leadership that he has provided us on the Committee on the Budget. We have had to make tough choices in putting together our own budget alternative. I think it balances the needs between the military commitment that we are currently engaged in with the domestic priorities that we share as Americans while recognizing that there is some room for tax relief in order to stimulate the economy, to get the economy growing again. And a growing economy can help solve a lot of problems that we have in the Nation. And but for his leadership

and his honesty, we would not be able to submit, I believe, an honest budget alternative that will, I think, receive wide support within the Democratic Party. So I thank my friend from South Carolina (Mr. SPRATT) for the leadership he has shown, all the hard work that the members of the Committee on the Budget have shown thus far; and, hopefully, we still have time to bring a truly bipartisan budget proposal that does make sense to the current obligations that we face, but also the future obligations that are coming up just around the corner.

Mr. SPRATT. Mr. Speaker, as our previous speakers have said, we stand tonight on the brink of war, the very precipice of war. It may seem untimely to talk about the budget, but it so happens that the budget is the order of business.

We are about to go through the annual process of approving the budget resolution, which is the outline of a budget, an exercise that Congress undertakes about this time every year. But to make our position clear with respect to what is happening elsewhere in the world, let me say when it comes to supporting our troops in the field, our men and women in service, we will be unstinting. We will provide them every dime that they need to do their duty and to see that they are fairly compensated, their families are well provided for.

We speak tonight about the budget deficit because when we get here on the floor, oftentimes we have the debate broken up in so many small pieces it is hard to see the whole. And it has never been more important for everyone to understand the whole, where we are, the situation, the dire situation that we find ourselves in. We are faced with deficits as far out as our forecasts go, and we have a President's budget before us delivered a few weeks ago that offers no solutions. It only makes the problems worse.

This was brought home to me about 10 days ago when I went down to the Congressional Budget Office, which is the neutral nonpartisan budget shop of the Congress. They do good work. And every year by law they are required to give us, within a week or so after the President's budget gets here, their analysis of the President's budget for the forthcoming fiscal year.

Friday a week ago they presented us with an interim analysis. I went down for the briefing, and I picked up the book and turned to the first table in it at the back. I looked across the top line. "On-budget deficits." That means deficits not including Social Security.

This year the expected deficit is \$452 billion if we do not include Social Security. Next year, 2004, it is \$512 billion. This is the CBO estimate of the President's budget, the CBO estimate of the President's budget, his policies. In 2005 it is \$464 billion. Across the line from 2003 to 2013, that is the time frame of this projection, the deficit is no less than \$400 billion if you exclude

the surplus in Social Security, and by law we have taken Social Security off budget, and I do not think we should include it anymore than any business or any State includes its pension funds in its budget.

I added up everything between 2002, which was the first fiscal year of the Bush administration, and 2013, which was the last year, the last column shown in this budget analysis. The total of the deficits to be incurred in that period comes to \$5.138 trillion. Over the next 12 years, over that 12-year period of time, 2002 through 2013, the cumulative sum on budget deficits is \$5.138 trillion. I do not know of anybody who thinks we can sustain that course without damaging our economy. When we have huge deficits like this, the government has to go into the capital markets, borrow money, run up the cost of credit. The cost of credit goes up, interest rates go up, stifles growth, costs people who have mortgages and car payments more to make those payments. It will be devastating if we incur deficits of this kind.

That is why we are out here tonight and that is the point we are trying to drive home this week as we take up the budget, because we think we are on a path that we simply cannot sustain or support. With deficits like these that are implied by the President's budget policies, this is, after all, what this summary was, a summary of the President's budget, I can understand why my colleagues on the House Committee on the Budget, the ones across the aisle, the Republicans who chair the committee and run the committee, in effect rejected the President's budget and wrote their own. In fact, they provided \$714 billion in additional spending cuts over and above what the President had called for in his budget.

This is a budget of \$2.2 trillion. They are adding at least one-third spending cuts that the President did not seek over and above, well, he sought 100 of those. So they are seeking 641 billion additional spending cuts over and above what the President sought, which is effectively rewriting the budget. So I admire them for trying. I admire them for their honesty in saying this budget is not workable; we cannot adopt it. But when I saw the end product, I thought this is in effect the same, will take us to the same destination, maybe by a different route; but their budget will take us down the same route as the President's budget, deeper and deeper into deficits.

Here on this page full of numbers is a summary of their budget, what happens if we adopt the Republican budget, which will be before us tomorrow and the next day and the rest of this week. Reading from their budget documents, the on-budget deficits for 2004 will be \$497 billion. That is what happens to the bottom line of the budget if we adopt the budget that the Republicans will present to us this week. The deficit goes to \$497.164 billion. The next year is \$419 billion. The next year \$375

billion. Over this 10-year time frame, and we run our budget numbers out in 10-year time frames so we can see some scope of what we are proposing to do, under their budget policies if they are adopted this week, we will incur over that 10-year period an additional \$3.327 trillion in deficits. Here it is. I did not make the numbers up. They are written right here on this piece of paper.

Now, how did we get to this dire situation? Believe it or not, in fiscal year 2000, the Government of the United States had a surplus of \$236 billion including Social Security. Now we have got a deficit including Social Security of \$287 billion. How did we get here?

Let me take everybody back in time. When the first President Bush left office, he left behind the largest deficit in our Nation's history. And within 3 weeks of arriving at the White House, President Clinton sent Congress a budget that would cut that deficit by more than half over the next 5 years. It was not popular. It was not painless. It passed this House by one vote. Marjorie Mezvinsky cast that vote right there at that voting machine. I can see her doing it now, and it cost her the next election. But it passed the House. It passed the Senate with Vice President Gore's vote alone breaking a tie-breaker and was signed into law by the President.

We were taunted with the charge that this budget would cut the economy off at the knees, mushroom the deficit. Well, within months the economy was up on its feet and running. The deficit was going down every year for 7 straight years, a record; until finally in 1998 for the first time in 30 years, it was in surplus including Social Security and Medicare. The next 2 years we moved all the way to a surplus of \$236 billion.

When President Bush came to office this was the context. He inherited an advantage that few Presidents in modern times have enjoyed, a budget that was in surplus. The first year he was in office he inherited the Clinton budget. 2001, he had a surplus of nearly \$130 billion. President Bush, when he came to office, was told by his Office of Management and Budget that the surplus over the next 10 years would continue to increase, and he could expect a surplus of \$5.6 trillion between 2002 and 2011, \$5.6 trillion. A huge advantage. But we warned here that that surplus was based on a blue-sky forecast and there was storm clouds gathering over the economy. And we strongly advised our colleagues on the other side of the aisle not to be reckless with their first round of tax cuts, to have modest tax cuts each year to see if these numbers would truly pan out.

Well, they enacted large tax cuts anyway, tax cuts large enough to take \$1.7 trillion out of the surplus. By July of 2001 the economy had taken another \$1.6, \$1.7 trillion out of the surplus. As a consequence, when the Congressional Budget Office came back to the Hill, as they are required by law to do, and

gave us their mid-session review just before we began to put together, put to bed all the appropriations bills, July 2001, the surplus not including Social Security was down to \$575 billion. It was no longer over \$3 billion excluding Social Security. It was \$575 billion, and that included a surplus in Medicare of around \$250 billion. So really we only had a surplus then of \$200 to \$300 billion.

The President, the administration are apt to tell us that the deficit today stems in part from the tragedy of 9-11. There is no question about it. Terrorism has taken a bite out of the budget.

□ 2115

It has taken its toll on the economy, but most of the surplus, as those numbers in July 2001 show, most of the surplus was gone before the terrorists hit New York.

So this is where we find ourselves as we mark up the budget for fiscal 2004. OMB sent us a chart, I do not have a copy of it here, but I can picture it. It says we began by thinking that we had a surplus of \$5.6 trillion. We now acknowledge 2 years later that we overstated that surplus by about \$3.2 trillion. The real surplus, they say today, adjusted for the economy as it has turned down, is really over this 10-year period, 2002-2011, about \$2.5 trillion, but here is the rub.

Congress has enacted policies committing all of this surplus and then some. In fact, if we did not do anything else, we would have a deficit of \$129 billion, and this is where we are, with no surplus, so that any additional tax cuts passed by this Congress will go straight to the bottom line. That will be no surplus to offset them. They will add dollar for dollar to the tax cuts.

So what does the President recommend? What does the President recommend, knowing that everything he proposes in additional spending over and above the rate of inflation will go straight to the bottom line and swell the deficit, every tax cut will swell the deficit? He proposes, these are his numbers, OMB, \$1.993 trillion of new policies, actions, of which \$1.6 trillion is a new tax cut. That racks up \$2.1 trillion in additional deficits. All of these are OMB numbers.

Back in 2001, we could say that one could argue for a tax cut, even a tax cut of \$1.6 trillion or \$1.7 trillion. They could point to a projected surplus of \$5.6 trillion and say there is more than enough here, and we should give some of it back to the American people. The problem is, of course, that surplus never obtained. It has not panned out. But we could excuse, I suppose, that first tax cut on grounds that maybe we were a little too easy, too anxious, too eager to bet the budget and blue sky forecast. Chalk it up to lack of due caution. But today, today, we know there is no surplus, so any additional tax cuts we undertake will add to the deficit directly, and in the long run deficits matter.

The administration has tried to come up with some revisionist economics to suggest that deficits do not matter, after years and years of having mainstream economics tell us that they do matter. They matter for several simple reasons.

First of all, when the government goes into private capital markets or the country's capital markets and borrows, they simply run up the cost of credit. They increase the demand, and so the product costs more. Credit costs more.

When we borrow, we simply say to our children that they pay the bill. We are putting it on our Nation's credit card. When they take over as citizens, they pick up the tab. That is what it comes down to. There is a moral question as well as a fiscal and financial question involved.

Deficits do matter, and above all, they raise interest rates, and they stifle growth in the economy, and that hurts everybody, no question about it; hurts the budget, makes it harder to get the budget back on its feet.

As we saw when the gentleman from Virginia (Mr. SCOTT) was up, we can have tax cuts today, but a few years down the road, the interest on the debt that is created by those tax cuts, if we borrow to make up for the revenues that are cut because we do not have sufficient revenues to run the government, we have got more debt; therefore, we have more debt service, more interest to pay, and as a consequence, pretty soon, as citizens, we are all paying a debt tax. We are all paying additional tax to service the national debt, and that is what is happening right here.

So our Republican colleagues got the President's budget, and they recognize this path that it led to, as outlined here in the CBO study, was not a sustainable path, and I give them credit for that, and they undertook to offset the cost of the tax cut. That is where I think they made their mistake in assuming this, that these circumstances on the brink of a war, deep in deficit already, warrant another tax cut. Tax cut when we have to go into the open market and borrow for the money that we give up by the tax cut itself? Does not make a lot of sense to me.

Nevertheless give them credit. They at least tried to offset part of it, but in trying to offset part of it, they have reached out and hurt more groups and more worthy programs than I have ever seen in any single budget yet.

Veterans, everybody's mentioned veterans tonight. I could not believe it when I saw the Republicans' budget and it called for a \$15 billion reduction in mandatory spending; that is, entitlement spending for veterans. What kind of entitlement spending do veterans get? They get entitlement spending for veterans' disability compensation, service-connected wounds and injuries, service-connected disabilities. This reconciliation provision that they put in their budget would require us to cut \$15

billion out of veterans' disability compensation, and as the gentleman from Wisconsin (Mr. KIND) said, what sort of message is that to send those wonderful young men and women who are serving with such pride and such elan in our forces in the Persian Gulf?

Mr. KIND. Mr. Speaker, would the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. KIND. Mr. Speaker, I appreciate our leader on the Committee on the Budget for highlighting what appears to me to be an impossible policy position to take on the eve of war in Iraq, but the question I have for my colleague, in his analysis of the Republican budget proposal, have they allotted a nickel or a dime in regards to the military build-up or military action or the rebuilding that will have to take place in Iraq?

Mr. SPRATT. As large as the deficits are in this budget, I just read them to my colleague, they accumulate \$3.2 trillion over the next 10 years. There is nothing in here to pay for the war in Iraq, and there is nothing in here either to pay for our global war against terrorism, the war in Afghanistan and elsewhere.

It is expressly understood that that is a hole that has to be filled later in the year, and probably sooner than later with war just around the corner. Nevertheless, we are moving ahead with the budget, not knowing this enormous item, the size of it, the cost of it, or how it will be paid for and accommodated in this particular budget.

Mr. KIND. Mr. Speaker, if the gentleman would yield for one more question, so I assume we can expect then, when military action is being taken in Iraq, that at some point the administration will submit a supplemental emergency funding request for the operation in Iraq, and typically, when we are dealing with emergency supplementals, are offsets found for those?

Mr. SPRATT. Typically not. That means they will be added to the total amount of spending. It will go straight to the bottom line, because, as I said, there is no surplus anymore to absorb the amount of money that will be needed, \$50-, \$100 billion, whatever it may be, and that applies also to the cost of an occupation after the war.

The postwar occupation was estimated by the Congressional Budget Office at a cost of \$1.8 billion per month to \$3.8 billion per month, depending upon the difficulty, the size of the force. We could easily have an occupation force there trying to rebuild Iraq after the war of over 100,000 troops.

General Shinsheki, who last commanded the reconstruction forces in Bosnia, has more experience than anybody. He estimated they needed over 100,000 troops, and that would cost us on the upper end of that estimate. All of this has to be added to the budget.